FISCAL NOTE

HB 1901 - SB 2071

March 12, 2007

SUMMARY OF BILL: Requires that the deduction from a person's total income be increased from $40 to $50 per month as a personal needs allowance for long-term care nursing home patients.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - $515,800 FY 07-08
                                $1,031,600 FY 08-09

Other Fiscal Impact – Increase Federal Expenditures - $904,940 FY 07-08
                                                            $1,809,900 FY 08-09

Assumptions:

- There will be an increase in the amount that the TennCare program is required to pay for residential long-term care services.
- The TennCare program currently provides funding for 7,450,000 NF1 days, 730,000 NF2 days, and 462,800 ICF/MR days. It is estimated that there are a total of 23,679 patients per year ((7,450,000 + 730,000 + 462,800) ÷ 365 days).
- There will be an increase of $10 per month per patient.
- The bill takes effect January 1, 2008.
- It is estimated that the increase in expenditures for FY 07-08 will be $1,420,740 (23,679 patients X $10 per month X six months). Of this amount, $515,800 will be state funds at a 36.305% match and $904,940 will be federal funds at a 63.695% match.
- It is estimated that the increase in expenditures for FY 08-09 will be $2,841,480 (23,679 patients X $10 per month X 12 months). Of this amount, $1,031,599 will be state funds at a 36.305% match and $1,809,881 will be federal funds at a 63.695% match.
- The Federal Financial Participation rate could change in FY 08-09 which will change the increase in state and federal expenditures. In January 2007, the Federal Funds Information for States (FFIS) report included a preliminary projection that Tennessee's Federal Medical Assistance Percentage (FMAP) could be 63.93%. If true this would reduce the estimated state expenditures while increasing the estimated federal expenditures.

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CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

James W. White, Executive Director

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